Park Corp. History

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Private Company
Incorporated: 1948
Employees: 11,000
Sales: $2.6 billion (**1997 est.**)
SICs: 7011 Hotels & Motels; 3312 Blast Furnaces & Steel Mills; 6531 Real Estate Agents & Managers; 6552 Subdividers & Developers, Not Elsewhere Classified; 5051 Metals Service Centers & Offices

Company History:

Founded by Raymond P. Park, Park Corp. represents a multibillion-dollar collection of a wide range of businesses; Park built his corporate empire by acquiring assets other companies no longer wanted. Sometimes referred to as a recycler of industrial junk, Park Corp. has been involved in a diverse spectrum of business ventures, including copper mining in Arizona, road-building in Costa Rica, steel production in Pennsylvania, and real estate development in Ohio and elsewhere. The length of stay in these businesses was sometimes fleeting, while other business forays were long-term, depending on the irrefutable sagacity of the company's director, Ray Park. Park spent his lifetime buying what others no longer wanted and either liquidated the assets or renovated the entire acquisition. With spectacular frequency, Park realized handsome profits from his myriad deals, enough to create a $2.6 billion business whose foundation rested on the companies, plants, and equipment that dulled the interest of nearly everyone else.

Founder's Background

When he was a teenager, Ray Park learned how to determine the difference between quality lumber and low-grade lumber. The instruction came from his father, who undoubtedly intended for his son to develop an eye for choice lumber in order to steer clear of inferior grades. The teenage Park, however, used the lesson for its opposite purpose. He became adept at selecting what no one else wanted, a master at purchasing whatever had been abandoned, discarded, and forsaken. With this twisted perspective that ran counter to his father's simple lesson, Park built a massive corporate empire whose size and might testified to the potency of Park's philosophy.

Park was raised next to the Columbia River in a small town called White Salmon, 50 miles up the river from Portland, Oregon, and across the border into neighboring Washington State. His father, James Park, taught at a teacher's college and graded wood for lumber companies on weekends and during the summer. After high school, Ray Park began attending Northwestern School of Business in Portland, where he took classes in foundry and machine-tooling, but quit after his freshman year to play the trumpet in local swing bands. His dreams of developing into a professional musician never turned into reality, however. After the outbreak of World War II, Park put his trumpet in a closet and put on an Army Air Corps uniform, the clothes he would wear during a brief stateside tour. At the end of the war, Park returned to the Pacific Northwest, arriving in 1945. It was time to use the knowledge about grading lumber that he learned from his father and to begin his unique entrepreneurial career.

Park Sets Out with $1,000 in 1945

When he returned to the Pacific Northwest, Park had only $1,000 in his pockets, not enough to fund any great business undertaking. He was forced to do what he could with his meager resources, and chose to do something that smacked of deceit. Park bought as much low-grade lumber as he could afford, then set aside the worst of the worst, and sold the balance as high-grade lumber. Park's approach was probably not what his father had in mind when he was teaching him how to tell good lumber from bad, but the practice of finding the best out of the worst was an inexpensive way to raise capital, and a strategy, with a little variation, that Park would use to become a billionaire.

By 1951, Park had sold enough lumber to start his own lumber remanufacturing plant in Eureka, California. With this business, Park recorded sufficient success to accumulate the cash he would need to complete a pivotal, career-defining transaction seven years later. In 1958, a run-down mill owned by Georgia-Pacific Corp. was up for sale, and there were no immediate takers. No one wanted the decrepit mill, but Park paid $50,000 for the facility and learned a valuable lesson that could be repeated again and again in the business world. Park renovated the mill, leased it out, and made a quick profit on his investment. With this deal, Park became aware of the profits that could be made by buying what no one else wanted and either liquidating the physical assets for piecemeal sale or sprucing up the entire acquisition for resale at a higher price than the original investment. This was the strategy that underpinned Park's business moves in the decades to come, enabling him to earn hundreds of millions of dollars by collecting what he referred to as a "variety of junk."

Park set out on this course in earnest in 1965. He exited the lumber business and began searching for companies and facilities that others would describe as "tired" and "worn down." He planned to either rejuvenate or liquidate whatever acquisitions he selected, and he found that a majority of the candidates that met his criteria were located in the Rust Belt. Consequently, Park moved his family to Charleston, West Virginia, in 1969 to get closer to his homely objects of desire. For a brief time, the Park family lived in a five-bedroom apartment above an old battleship gun plant Park had purchased. The Park family's proximity to one of Park's "tired and worn down" acquisitions was symbolic of the relationship between Park's children and Park's business. Park Corp., at an early stage, was a family-run business, an enterprise in which all members of the Park family joined in and helped build. Park's oldest son, Daniel, and later his sons Patrick and Kelly, joined Park in his search to find acquisition candidates. They traveled along with Park in his twin-engine Beechcraft and flew from one Midwestern city to another, appraising old steel mills, stamping plants, machine shops, and virtually anything else that was for sale. Said Patrick Park, "Growing up, we swept out plants, drove lift trucks, put up siding, and poured concrete floors. If you didn't get your hands dirty, you couldn't know what was going on."

Key Acquisitions in the 1970s and 1980s

The number of acquisitions completed by Park during his first few years after moving to Charleston were numerous and, according to Park, profitable without exception. The Charleston Ordnance Center he purchased from FMC Corp. in 1971 was obtained for $4.5 million. After this initial investment, Park renovated the massive facility, which sprawled over the equivalent of 34 city blocks, and leased it out to various new tenants. He bought another Georgia Pacific plant and converted it into a shopping center. He acquired an obsolete plant owned by the Ohio Steel Company, renovated it, and sold it three years later for a 100 percent gain on his investment. In 1972 alone, Park acquired eight plants from companies such as Gulf & Western and Wean United and either liquidated the assets piecemeal or renovated the entire plant for sale to another party. By 1973, Park had built his company into a $12 million business, and the intensity of his acquisitive activities did not slacken in the years ahead. Park was an empire builder. In the coming decades Park's business would develop into an enterprise that flirted with the $3 billion-in-sales mark.

As Park continued to acquire properties and either renovate or liquidate them, he occasionally strayed from his approach and assumed the traditional role of an acquirer by running the business as it had been by the seller. Such was the case with Park's 1983 acquisition of the bankrupt Mesta Machine Co. in Homestead, Pennsylvania. Park paid $9 million for the company, which at one time had built enormous presses and rolls for steel mills worldwide. As was usual, Park took a stroll through his newly acquired facility to determine which pieces of equipment he could sell. During his tour he was approached by a Mesta bookkeeper who asked Park what he wanted to do with several purchase orders. Park looked at the equipment and decided to turn everything on and fulfill the purchase orders. After those orders were completed, Park kept the machines running and continued to operate Mesta. This was the first building block in an arm of the Park enterprise that grew robustly in the coming years. During the next decade-and-a-half, Park acquired seven additional divisions from steelmakers around the Midwest and grouped them together with the former Mesta company to form West Homestead Engineering and Machine Co., or Whemco as it more commonly became known.

Other deals were done in a manner more typical of Park's business approach. One of the biggest transactions during the 1980s was Park's foray into the mining business. In 1986, the price of copper fell to 60 cents a pound, dropping to a point that prompted more than a few mining concerns to reevaluate the profitability of copper mining. One such company was Anaconda Minerals, which decided to get rid of its copper mines in Missoula, Montana, and Green Valley, Arizona. Park moved in and acquired the 12,000-acre Arizona mine for $12 million. Six months after Park had acquired the mine, the price of copper more than doubled, reaching $1.40 a pound, and Park quickly leased it to another mining company, Cyprus Minerals, for a 15-year lease. Within six months, Park recouped his original investment and everything after that was profit.

Deal-Making in the 1990s

Heading into the 1990s, Park was in his mid-60s and still continuing to mastermind acquisitions that a short time later would pay big dividends. In 1990, Park acquired the assets of Teledyne Ohio Steel, a Lima, Ohio-based mill roll maker. The deal included real estate and building and all other physical assets situated on the 71-acre facility, including machinery and support equipment used in the production of iron, forged, and spin-cast rolls for the steel industry. Teledyne subsequently became one of the components composing Whemco.

Three years after the Teledyne deal was completed, Park entered into a business deal whose financial magnitude eclipsed all the Park-orchestrated deals before it. Again, the deal was an example of Park obtaining what another company no longer wanted. In 1994, General Motors decided to divest some of the plants it used to manufacture components for its vehicles. General Motors had decided to get rid of the plants because they were in need of repair and the company did not want to pay for any major capital improvements. It was a classic situation for Park to step into and he did, acquiring axle plants for roughly $100 million. The resulting venture was named American Axle & Manufacturing, which, after two experts in efficiency were brought in, developed into a $2.2 billion-in-sales business. By 1997, American Axle & Manufacturing was the largest privately-owned supplier of auto parts in North America, producing all of General Motors' axles for its line of pickups, Chevy Tahoe, Yukon, and Suburban sport utility vehicles. At this point Park decided to cash in on his investment of $100 million. In 1997 he sold his 86 percent stake in the axle manufacturer to the New York-based Blackstone Group, realizing an estimated $600 million on the deal.

There were two major developments occupying Park Corp.'s attention at the time Park was finalizing his deal with Blackstone Group. The smaller of the two projects was the company's construction of a $25 million hotel at the International Exposition and Trade Center at Cleveland's Hopkin's Airport. The convention center, known as the I-X, measured 2.5 million square feet and ranked as the largest privately-owned convention center in the United States. Its owner, not surprisingly, was Ray Park, whose offices were secreted away in the massive sprawl of the I-X. Park, through a subsidiary of Park Corp. called I-X Corp., was building an all-suites hotel as an addition to the I-X, complete with a ballroom, two restaurants, and a fitness center. Scheduled to open in late 1998, the luxury hotel was supposed to increase business at the I-X and give Park one more powerful revenue-generating asset.

The other development project was decidedly more ambitious, a $215 million undertaking headed by Park's youngest child, Kelly Park. The roots of the development project stretched back to 1988, when Park acquired 300 acres near the company's Whemco headquarters in Homestead, Pennsylvania. On the plot purchased by Park stood the shuttered Homestead works where Andrew Carnegie and Henry Frick consolidated their power in the steel industry during the 1880s. The site contained an enormous amount of old, dilapidated equipment, so much so that it took Park eight years to cart away 900,000 tons of scrap and more than one million tons of concrete from the 10 million square feet of building space. By 1996, the site was ready for development, and under Kelly Park's supervision, a 300-acre mixed-use development was underway. Expected to house residential dwellings, retail space, office space, a movie theater, parks, restaurants, and health care facilities, the first stage of the project was scheduled to open in the spring of 1998. Expectations ran high for the success of the project once it was completed because the site was eight minutes from downtown Pittsburgh, whereas all other shopping malls and multiplex cinemas were in suburban Pittsburgh, 25 minutes away from the downtown area.

As the I-X hotel and the Homestead projects were underway, Park Corp. was planning for the future. The next generation of the Park family was firmly in place as Park Corp. executives. The oldest son, Daniel, and the youngest son, Kelly, worked in Pittsburgh, while Patrick Park worked in Cleveland and his sister, Piper Park, limited her Park Corp. activities to attending board meetings. As the company entered the late 1990s, however, Ray Park, by then in his early 70s, was still in charge and showed no signs of changing the acquisitive behavior that had described him for the previous 40 years. When Ray Park sold his stake in American Axle & Manufacturing and took in the $600 million realized from the deal, he declared he was ready to get back into the "fun" of recycling industrial junk. Given this statement, more acquisitions and the unique profitmaking style of Ray Park were expected to be witnessed in the future.

Principal Subsidiaries: Whemco; I-X Corp.

Further Reading:

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Source: *International Directory of Company Histories*, Vol. 22. St. James Press, 1998.